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Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

SEP 25 1997

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)
)
Federal-State Joint Board on)
Universal Service)
)
Access Charge Reform,)
Price Cap Performance Review)
for Local Exchange Carriers,)
Transport Rate Structure)
and Pricing, End User Common)
Line Charge)

CC Docket No. 96-45

CC Docket Nos. 96-262, 94-1,
91-213, 95-72

Comments of

THE UNITED STATES CATHOLIC CONFERENCE, BENTON FOUNDATION,
CENTER FOR MEDIA EDUCATION, CONSUMER ACTION, EDMONT
NEIGHBORHOOD COALITION, HEARTLAND ALLIANCE FOR HUMAN NEEDS
AND HUMAN RIGHTS, INTERSTATE MIGRANT EDUCATION COUNCIL,
MIGRANT LEGAL EDUCATION PROGRAM, NATIONAL ASSOCIATION OF
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INTRODUCTION

United States Catholic Conference, *et al.* urge the Commission to modify the effects of its Access Charge Reform Order by waiving the presubscribed interexchange carrier charge (PICC) for Lifeline subscribers who elect toll blocking service. Imposing the PICC on these subscribers will deter them from obtaining toll blocking services, which are essential to their efforts to control spending, avoid disconnection, and maintain access to the network. Assessing the PICC directly to Lifeline subscribers with toll blocking will also place an added, fast-rising burden on those who can least afford that burden. Finally, waiving the PICC falls within the Commission's statutory authority under the Universal Service section of the Telecommunications Act, and is consistent with statutory universal service goals.

I. Assessing the Presubscribed Interexchange Carrier Charge (PICC) Directly to Lifeline Subscribers With Toll Blocking Penalizes Them for Taking Steps to Ensure Continued Access to the Network

United States Catholic Conference, *et al.* fully support the Commission's proposal to waive the PICC for Lifeline subscribers who elect toll blocking and to allow incumbent local exchange carriers (ILECs) to recover their costs from the Universal Service Fund.¹ The Commission's Access Charge Reform Order permits ILECs to assess a new flat per-line

¹ Second Further Notice of Proposed Rulemaking, CC Docket Nos. 96-45, 96-262, 94-1, 91-213, 95-72, FCC 97-317 (released September 4, 1997) at ¶ 5 ("Second FNPRM"); United States Catholic Conference *et al.* has also proposed that the PICC be waived for Lifeline subscribers with toll blocking. See Petition for Reconsideration of United States Catholic Conference *et al.* (July 17, 1997) at 5-6.

charge (PICC) to a subscriber's presubscribed local exchange carrier.² If subscribers do not have a presubscribed interexchange carrier (IXC), the charge which would have been paid by their presubscribed IXC will be assessed directly to them.³ Lifeline subscribers who elect toll blocking service will not have a presubscribed IXC, and under the newly adopted rules, will be assessed a monthly PICC. Recovering the PICC in this manner penalizes Lifeline who are subscribers trying to maintain access to the network by using toll blocking, and thus, as the Commission has suggested, is detrimental to attaining universal service goals.⁴

A. Imposing the PICC on Lifeline Subscribers Who Choose Toll Blocking Will Reimpose the Costs of Obtaining the Service

The Commission has already found that access to toll limitation service at no charge is essential to increasing subscribership among Lifeline consumers.⁵ Many commenters, the Federal-State Joint Board, and the Commission itself have recognized that a primary reason low income subscribers lose access to telecommunications services is failure to pay long

² *Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge*, CC Docket Nos. 96-262, 94-1, 91-213, 95-72, First Report and Order, 62 F.R. 31040 (released May 16, 1997) at ¶¶ 91-105 ("Access Charge Reform Order").

³ *Id.* at ¶ 92.

⁴ Second FNPRM at ¶ 4.

⁵ *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Report and Order, FCC 97-157 (released May 8, 1997) at ¶ 385 ("Universal Service Order").

distance bills.⁶ Many households without telephone service are former subscribers who were disconnected because of an inability to pay toll charges.⁷ Toll blocking service allows low income consumers to avoid incurring long distance and other toll charges they cannot afford. As the Commission has noted, the cost of obtaining toll blocking service is prohibitive for low income consumers in some jurisdictions.⁸ Because of this, the Joint Board recommended, and the Commission agreed, that providing toll limitation without charge to Lifeline subscribers would encourage subscribership among low income consumers and help achieve the statutory goal of providing access to the network for "consumers in all regions of the Nation, including low-income consumers."⁹

Imposing the PICC on Lifeline subscribers who choose toll blocking would essentially reimpose the costs of obtaining toll blocking service. In some places, it would actually

⁶ See Comments of Benton Foundation (April 12, 1996) at 2; Petition for Reconsideration of United States Catholic Conference *et al.* (July 17, 1997) at 5; Opposition to Petitions for Reconsideration of United States Catholic Conference *et al.* (August 18, 1997) at 4; *Federal-State Joint Board on Universal Service*, CC Docket No. 96-45, Recommended Decision, 12 FCC Rcd 87, 284 (1996) ("Recommended Decision"); Universal Service Order at ¶ 385; Common Carrier Bureau, Federal Communications Commission, Preparation for Addressing Universal Service Issues: A Review of Current Interstate Support Mechanisms, February 23, 1996 at 12 (citing Field Research Corporation, Affordability of Telephone Service (1993) (survey funded by GTE and Pacific Bell available from Pacific Telesis)).

⁷ Universal Service Order at ¶ 385.

⁸ Id.

⁹ Universal Service Order at ¶ 385; 47 U.S.C. §254(b)(3) (1934 & Supp. 1996) ("Telecommunications Act" or "Act").

increase those costs.¹⁰ It directly contradicts the Universal Service Order by assessing a fee for service already mandated to be available at no charge. Because fees for toll blocking have been found to deter Lifeline consumers from subscribing to toll blocking, and because the PICC is results in a fee for selecting toll blocking, the PICC is also likely to deter Lifeline subscribers from obtaining toll blocking service.

Obtaining telephone service without paying a deposit is contingent on subscription to toll blocking service, therefore, assessing the PICC directly to Lifeline subscribers would also impose a fee on those who need toll blocking in order to obtain service without paying a deposit. The Commission has found that requiring service deposits substantially deters subscribership among low income consumers, and has prohibited service deposits for those consumers who elect toll blocking service.¹¹ By creating a disincentive to choose toll blocking, imposing the PICC directly on Lifeline subscribers seriously impacts the potential for increased subscribership under the new "no deposit" rule.

The effect of this access charge rule on Lifeline consumers is to fine them for participating in expanded programs available under the 1996 Act and the Universal Service

¹⁰ For example, in Maryland, service blocking all long distance calls is available for a one-time charge of \$10. See Review of Current Interstate Support Mechanisms, *supra* note 5. The PICC will cost those without a presubscribed interexchange carrier \$6.36 in 1998, at least \$12.36 in 1999, at least \$18.36 in 2000 with continuing rises in years to come. These figures are based on scheduled fees and increases described in the Access Charge Reform Order, and do not include additional increases for inflation permitted by the Order. Access Charge Reform Order at ¶ 94. If the PICC is assessed directly to the Lifeline subscriber, a Maryland Lifeline subscriber who would have paid a one-time fee of \$10 for toll blocking service before the Universal Service and Access Charge Reform Orders will pay more than \$39.00 for just three years of toll blocking service.

¹¹ Universal Service Order at ¶ 398.

Order. Not only would the PICC be a fee for service that was just ordered to be available without charge, it would be a fee for obtaining service without a deposit under the no-deposit rule. Because assessing the PICC directly to Lifeline subscribers with toll blocking would impact new service programs in a way that deters low income subscribership, it is inconsistent with statutory universal service goals.

B. Imposing the PICC on Lifeline Subscribers Who Elect Toll Blocking Service Places an Additional and Increasing Burden on Subscribers Already Struggling to Pay for Service

Low income households already struggling to afford telecommunications services should not have to pay an additional fee that would not be assessed if they could afford to make toll calls. Not only is the PICC an additional fee, it is a rising one, which will make toll blocking increasingly less affordable for low income subscribers who are participating in Lifeline programs. The PICC is projected to be \$0.53 per month in 1998, but will increase by \$0.50 plus adjustments for inflation in each subsequent year until it reaches a cap.¹² While the Commission predicts that following a few years of increases, the PICCs assessed on secondary residential and multiline business lines will begin to decrease, it has not predicted a reduction in the PICCs for primary residential lines, which are the lines relevant to low income consumers.¹³ The PICC assessed on primary residential lines can continue to

¹² Access Charge Reform Order at ¶ 94.

¹³ Id. at ¶ 102.

increase, making toll blocking services less accessible for Lifeline subscribers over time.¹⁴

Tacking an additional rising fee onto Lifeline subscribers' bills will hinder their efforts to remain connected to the network. As the Commission has proposed, these charges should be waived for Lifeline subscribers who elect toll blocking and supported by the Universal Service Fund.

II. Supporting the PICC with Universal Service Funds is Well Within the Commission's Authority Under the Telecommunications Act

The Commission's statutory authority to support the costs of the PICC with funds collected for universal service stems directly from the Telecommunications Act. In defining the services to be supported by the Universal Service Fund, the Commission is instructed to consider, among other factors, the extent to which those services "are essential to education, public health, or public safety," and the extent to which they "are consistent with the public interest, convenience, and necessity."¹⁵

Like support for toll limitation service, support for the PICC flows directly from these two considerations. The Commission decided to support toll limitation service with Universal Service Funds because empirical findings show that free access to toll blocking improves subscribership rates among low income households.¹⁶ Unless the PICC is waived, toll blocking service will not remain free. The waiver, then, is necessary to encourage

¹⁴ *Id.* at ¶ 94.

¹⁵ 47 U.S.C. §254 (c)(1)(1934 & Supp. 1996).

¹⁶ Universal Service Order at ¶ 385 (citing *Subscribership Notice*, 10 FCC Rcd at 13007).

subscription to toll blocking, and thus promote greater low income subscribership to the network. Increased subscribership among low income households is essential to the education, health, and safety of those households, and is consistent with public interest, convenience and necessity.

Further, supporting the PICC with Universal Service Funds is consistent with the universal service principles outlined in the Act, as is supporting toll blocking. The same principles--making quality services available at just, reasonable, and affordable rates, and making telecommunications services accessible to all consumers, including low income consumers¹⁷--apply to support of the PICC just as they apply to support for toll blocking. The PICC is an increasing charge, and will contribute to rates that are not affordable for low income consumers who want toll blocking service. Making toll blocking service less affordable will make all telecommunication services less accessible to consumers who need toll blocking to maintain access to the network.

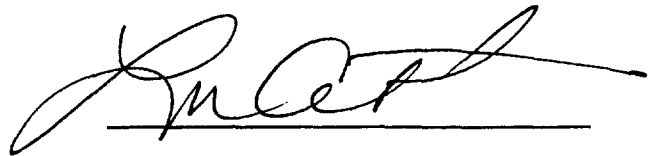
CONCLUSION

United States Catholic Conference *et al.* urge the Commission to take steps to remedy the harmful effects of the Access Charge Reform Order. Universal Service Fund support for a PICC waiver will help to provide telecommunications services that are consistent with the statutory definition and principles of universal service. Because toll blocking service allows low income consumers to control spending, avoid disconnection for failure to pay toll charges,

¹⁷ 47 U.S.C. § 254(b)(1934 & Supp. 1996).

and take advantage of the "no-deposit" rule, it is essential to realizing universal service goals. The proposed waiver of the PICC for Lifeline subscribers who choose toll blocking avoids penalizing those subscribers for obtaining toll blocking service and imposing a fee on those who can least afford it. Requiring that ILECs recover PICCs from the Universal Service Fund is the option most consistent with statutory goals. To help further the goal of universal service, the Commission should waive the PICC for Lifeline consumers with toll blocking and provide Universal Service Fund support.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "L. Dolqueist", written over a horizontal line.

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CERTIFICATE OF SERVICE

I, Lori Anne Dolqueist, hereby certify that I have this 25th day of September, 1997, mailed by first class United States mail, postage prepaid, copies of the foregoing Comments of the United States Catholic Conference *et al.* in the matter of "Federal-State Joint Board on Universal Service," CC Docket No. 96-45, and "Access Charge Reform, Price Cap Performance Review for Local Exchange Carriers, Transport Rate Structure and Pricing, End User Common Line Charge," CC Docket Nos. 96-262, 94-1, 91-213, 95-72 to the following:

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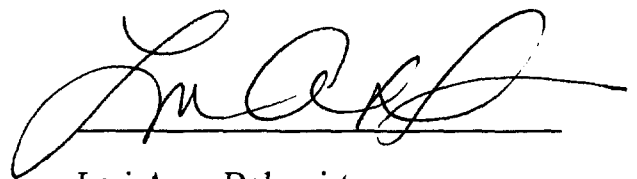
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